



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Medical Center Butler, Pennsylvania

Office of Inspector General

Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

**To Report Suspected Wrongdoing in VA Programs and Operations
Call the OIG Hotline – (800) 488-8244**

Contents

	Page
Executive Summary	i
Introduction	1
Facility Profile	1
Objectives and Scope of the CAP Review	2
Results of Review	4
Organizational Strengths	4
Opportunities for Improvement	5
Environment of Care	5
Supply Inventory Management	6
Service Contracts.....	7
Medical Care Collections Fund.....	9
Controlled Substances Accountability	10
Other Observations.....	11
Appendixes	
A. VISN Director's Comments to Office of Inspector General's Report	13
B. Medical Center Director's Comments to Office of Inspector General's Report	17
C. Monetary Benefits in Accordance with IG Act Amendments	27
D. OIG Contact and Staff Acknowledgments	28
E. Report Distribution.....	29

Executive Summary

Introduction

During the week of July 11-15, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Medical Center Butler, PA, which is part of Veterans Integrated Service Network (VISN) 4. The purpose of the review was to evaluate selected operations, focusing on patient care administration, quality management (QM), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 70 employees.

Results of Review

The CAP review focused on 12 areas. The medical center complied with selected standards in the following six activities:

- All Employee Survey Results
- Colorectal Cancer Management
- Equipment Accountability
- Information Technology Security
- Quality Management
- Radiology and Laboratory Wait Times

We identified the following organizational strength:

- Delinquent accounts receivable were aggressively pursued and collected.

We identified five activities that needed additional management attention. To improve operations, we made the following recommendations:

- Reduce excess medical and prosthetic supply inventories.
- Ensure that service contracts are properly awarded and administered.
- Ensure that insurance carriers are billed for all eligible claims.
- Strengthen controlled substances accountability and pharmaceutical inventory controls.
- Improve safety of the environment.

This report was prepared under the direction of Randall Snow, JD, Associate Director, and Carol Torczon, RN, MSN, ACNP, CAP Review Coordinator, Office of Inspector General, Office of Healthcare Inspections, Washington, DC, Region.

VISN 4 and Medical Center Director Comments

The VISN and Medical Center Directors agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See Appendixes A and B, pages 13-26, for the full text of Director comments.) We will follow up on the planned actions until they are completed.

(original signed by:)

JON A. WOODITCH
Deputy Inspector General

Introduction

Facility Profile

Organization. The medical center provides primary medical care in addition to specialized extended care, physical rehabilitation, and mental health services. The medical center offers several levels of inpatient care which include acute medicine, nursing home care, and domiciliary. Inpatient services are strongly supported by a host of generalized and specialized outpatient programs which generate approximately 110,000 outpatient visits annually. The scope of care is broadened through contracted services with community healthcare providers, and referral to other VA medical centers within the VA Stars and Stripes Healthcare Network. Outpatient care is also provided in community-based clinics in Mercer, Armstrong, Lawrence, and Clarion Counties.

Programs. The medical center provides the following specialized programs:

- Respite Care
- Adult Day Health Center
- Home Care - Primary Care
- Substance Abuse Treatment (Residential and Outpatient)
- Homeless Veterans Program
- Mental Health Outpatient Care

Affiliations and Research. The medical center is affiliated with Clarion University, Edinboro University, University of Pittsburgh, Duquesne University, North Hills School of Health Occupations, Western School of Health & Business Careers, St. Francis College, Slippery Rock University, Butler County Community College, Median School of Allied Health Careers, Career Training Academy, Community College of Allegheny County, Kent State University, Penn State University, Lenape School of Practical Nursing, and LaRoche College.

Resources. The medical center's fiscal year (FY) 2005 medical care budget was \$55,050,000. This is exclusive of MCCF collections, alternative revenues, and specific purpose dollars. FY 2005 (as of July 31, 2005) staffing was 495.6 full time equivalent employees (FTE), which included 15 physician FTE, 74.5 nursing FTE, and 5 nurse practitioner FTE.

Workload. In FY 2005 (as of April 31, 2005) the medical center treated 16,229 patients. The medical center provided 885 inpatient days of care in acute care and 14,058 inpatient days of care in the nursing home. The inpatient care workload totaled 646 discharges, and the average daily census, including nursing home patients, was 69.27. The outpatient workload was 68,404 visits.

Objectives and Scope of the CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care and benefits services. The objectives of the CAP review are to:

- Conduct recurring evaluations of selected health care facility and regional office operations focusing on patient care, quality management, benefits, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

Scope. We reviewed selected clinical, financial, and administrative activities to evaluate the effectiveness of QM, patient care administration, and general management controls. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. Patient care administration is the process of planning and delivering patient care. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that the organizational goals are met. In performing the review, we inspected work areas; interviewed managers, employees, and patients; and reviewed clinical, financial, and administrative records. The review covered the following activities:

All Employee Survey Results	Information Technology Security
Colorectal Cancer Management	Medical Care Collections Fund
Contract Award and Administration	Quality Management
Controlled Substances Accountability and Pharmacy Security	Radiology and Laboratory Wait Times
Environment of Care	Supply Inventory Management
Government Purchase Card Program	Unliquidated Obligations

The review covered facility operations for FY 2003 through May 31, 2005, and was done in accordance with OIG standard operating procedures for CAP reviews. We also followed up on selected recommendations from our prior CAP review of the health care system (*Combined Assessment Program Review of the VA Butler Health Care System*, Report No. 02-03214-163, August 21, 2003).

As part of the review, we interviewed 30 patients to survey patient satisfaction with the timeliness of service and the quality of care. We discussed the interview results with the Medical Center Director.

During this review, we also presented 6 fraud and integrity awareness briefings for 70 employees. These briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

In this report we summarize selected Focused Inspection reviews, list organizational strengths, and state opportunities for improvement. Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strength section of this report. Activities needing improvement are discussed in the Opportunities for Improvement section. For these activities, we make recommendations for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For the activities not discussed in the Opportunities for Improvement section, there were no reportable conditions.

Results of Review

Organizational Strengths

Delinquent Accounts Receivable Were Aggressively Pursued And Collected. Business Office and Fiscal Service managers established effective controls to identify and pursue delinquent vendor, employee, and first- and third-party receivables. Current and former employee debts were aggressively pursued for collection, and debts were promptly referred to Regional Counsel when medical center collection efforts were unsuccessful. Medical Care Collections Fund (MCCF) staff used letters, referrals to the Debt Management Center and Treasury Offset Program, and repayment plans to promptly pursue the collection of first-party co-payments. The healthcare system had reduced its delinquent third-party accounts receivables by 93 percent, from \$281,097 at the time of the previous CAP review (site visit November 2002) to \$20,349 as of May 2005.

Opportunities for Improvement

Environment of Care Deficiencies Needed To Be Corrected

Condition Needing Improvement. VHA regulations require that the medical center environment present minimal risk to patients, employees, and visitors, and that infection control practices are employed to reduce the risk of hospital acquired infections. The medical center's environment of care was generally clean and safe. However, the following areas needed management attention:

- Document monthly air flow testing for isolation rooms.
- Replace expired High Efficiency Particulate Air (HEPA) filter in isolation room.
- Train employees in respirator fit testing, and document training.
- Monitor Preventative Maintenance Inspections (PMI) work orders.
- Improve documentation and monitoring of Biomedical and Maintenance & Repair (M&R) work orders.
- Daily review of construction checklist.

Air Flow Testing and HEPA Filters. VHA's Annual Workplace Evaluation Policy and Center for Disease Control (CDC) guidelines require air flow testing for all isolation rooms. Negative/Positive air pressure testing was documented from August to December 2004; however, no testing was documented prior to, or after these dates. The medical center Environment of Care (EOC) sub-committee reported the completion of air flow testing in December 2004 and "closed" the item. The sub-committee had not considered it since. The Biomedical and M&R work order system did not properly identify or track PMI work orders for the HEPA filtration systems. HEPA filters on one isolation unit were changed on May 2, 2005—the first documented change in 5 years.

Respirator Fit Testing. A review of training records for the last 12 months demonstrated that only 3 of 71 environmental and fire department personnel, who required respirator fit testing for working in isolation rooms, had the testing/training documented.

Work Orders. Tracking and monitoring work orders for medical equipment and facility repair helps to ensure a safe environment for patients and staff. Documented Biomedical and M&R work orders lacked Location, Priority, and Task/Description data fields, while PMI for seven biomedical equipment work orders were closed when medical equipment could not be located.

On July 3, 2005, Cardio-Pulmonary staff discovered a ceiling leak in the Fifth Floor clinic area which presented a safety hazard. Housekeeping staff contained the leak and

placed an office chair with two waste cans in the middle of the hallway, obstructing egress for both patients and employees. A large plastic bag was draped over an electric exit sign that was in the path of the leak, which then allowed the water to drip into the waste cans. No warning signs indicating a possible water hazard were placed in the clinical area. Cardio-Pulmonary staff called in a work order to Facility Management Services. Upon request, the work order could not be found by the Facility Management staff. For eight days, Facility Management Services was unaware of the leak or egress obstruction.

The Facility Management Contracting Officer's Technical Representative (COTR) did not complete the Daily Checklist for each construction site as directed by the medical center's Interim Life Safety Measures policy. An area on the Fifth Floor next to the obstructed egress was being renovated by a contractor. Failure to follow the medical center's policy on Daily Checklist of construction sites contributed to the delay in implementing corrective action.

Recommended Improvement Actions 1. We recommend the VISN Director require the Medical Center Director to ensure that: (a) patient care areas are kept safe; (b) monthly air flow testing for isolation rooms is completed and documented; (c) completion of respirator fit testing, training, and accurate documentation; (d) Preventative Maintenance Inspection work orders are used to monitor the operation and/or effectiveness of the HEPA filtration systems; and (e) performance of preventative maintenance inspections, contractor oversight, and work order system utilization, is done in accordance with medical center policy.

The VISN 4 Director and the Medical Center Director agreed with the findings and recommendations and provided acceptable improvement plans. The Medical Center Director reported that a policy on environmental rounds, developed prior to the CAP survey, has been finalized. Environmental rounds continue to address cleanliness and safety, and housekeeping supervisor also utilizes a checklist for verification of work areas. We will follow up on the planned actions until they are completed.

Supply Inventory Management – Excess Inventories Should Be Reduced

Conditions Needing Improvement. Ancillary Services and Transitional Care managers needed to reduce excess medical and prosthetic supplies and manage supply inventories more effectively. The VHA Inventory Management Handbook establishes a 30-day supply goal and requires medical facilities to use VA's Generic Inventory Package (GIP) and the Prosthetic Inventory Package (PIP) to manage inventories of medical and prosthetics supplies. Ancillary Services and Transitional Care managers should use GIP and PIP reports to establish normal stock levels, analyze usage patterns to determine optimum order quantities, and conduct periodic physical inventories. We selected a

judgment sample of 20 medical and 10 prosthetic line items and found that GIP and PIP inventory records accurately reflected quantities of stock on hand. However, we identified two areas that needed improvement.

Excess Medical Supply Inventory. As of July 9, 2005, the medical supply inventory consisted of 487 line items valued at \$40,670. GIP reports showed that 346 of the 487 line items exceeded the 30-day supply goal, with inventory levels ranging from 31 to 9,999 days of supply. The value of stock that exceeded 30 days was \$21,435, or 53 percent of the total inventory in the health care system's five primary inventory control points. About \$12,000 of the excess inventory developed while the inventory was managed by the Cardiology, Dental, Laboratory, and Radiology Services and before four of the five primary inventory control points were established.

Excess Prosthetic Supply Inventory. As of July 9, 2005, the prosthetics supply inventory consisted of 131 items valued at \$15,496. PIP reports showed that 72 of the 131 line items had stock on hand that exceeded the 30-day supply goal, with inventory levels ranging from 32 to 999 days of supply on hand. The value of stock exceeding 30 days was \$8,437, or 54 percent of the total inventory. The Transitional Care Manager stated that his staff needed to finish bar coding all of the healthcare system's prosthetic supplies before they could fully automate the updates of the PIP data and reliably use it to monitor and reduce excess inventory.

Recommended Improvement Actions 2. We recommend that the VISN Director ensure that the Medical Center Director requires: (a) Ancillary Services staff monitor item usage rates, adjust GIP stock levels, and reduce excess medical supply inventory and (b) Transitional Care staff finish bar coding all prosthetic supply items and use PIP to monitor item usage rates and reduce excess prosthetic inventory.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that inventory management managers are working with GIP data to reduce or eliminate items that are used infrequently. Prosthetics section staff have finished bar coding all prosthetic supply items and are working with PIP data to reduce inventory to the 30-day supply goal. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Service Contracts – Contract Award and Administration Requirements Should Be Followed

Conditions Needing Improvement. The Acquisition and Materiel Management (A&MM) Officer needs to ensure that contracting officers and Contracting Officers' Technical Representatives (COTRs) follow Federal Acquisition Regulations (FAR) and VA Acquisition Regulations (VAAR). We reviewed the award and administration of 16

contracts worth an estimated \$13.8 million and found that improvements were needed in 3 areas.

Contract Monitoring. The COTR responsible for monitoring and certifying payments for a \$2.7 million ambulance and wheelchair van transportation services contract did not ensure the healthcare system paid the correct amount. The COTR verified that the billed services had been authorized by medical center staff but did not ensure the contractor billed the correct contract rate. Consequently, the COTR certified payments for transportation services provided during the period December 2004 through May 2005 which included \$11,948 in overcharges.

Contracting Officer's Warrant. The FAR and VAAR require contracting officers to adhere to the contract value thresholds established in their warrants. These thresholds have been established to ensure that contracting officers only engage in procurements that are commensurate with their level of education, experience, and training. Nevertheless, the A&MM Officer allowed a contracting officer with a \$500,000 warrant to award a competitive \$2.4 million oxygen supply contract. The A&MM Officer stated that he allowed the contracting officer to award this contract because he believed that the warrant threshold only applied to the contract's base year value rather than the total contract value (base year plus four option years).

Contracting Officer Training. The A&MM Officer is responsible for ensuring that contracting officers receive the required 40 hours of continuing education every 2 years to maintain their acquisition knowledge and skills. At the time of the CAP review, two of the medical center's four contracting officers had not yet completed the required 40 hours of continuing education for the 2-year period covering FYs 2004 and 2005. One contracting officer had 8 hours and the other had only 9 hours but no additional training had been scheduled before the end of the current 2-year period to ensure they fulfilled the training requirement.

Recommended Improvement Actions 3. We recommend that the VISN Director ensure that the Medical Center Director requires that the A&MM Officer ensure: (a) overpayments for ambulance and wheelchair van transportation services are collected, (b) COTRs are properly certifying invoices and ensuring the medical center is paying the correct contract rates, (c) contracting officers do not award contracts which exceed their authorized warrant threshold, and (d) contracting officers receive their required 40 hours of continuing education every 2 years.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported a bill requesting reimbursement for an overpayment for ambulance transportation services has been issued. All COTRs will attend a reorientation session that will highlight the responsibilities of their delegation. A high level contracting officer will sign any contracts in instances where the warrant level of an assigned contract

specialist is not sufficient to cover the collective value of the award. The two subject contracting officers are scheduled to attend training that will satisfy their biennial 40-hour continuing education requirement. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Medical Care Collections Fund – Procedures Needed To Be Strengthened

Conditions Needing Improvement. MCCF managers could increase collections by ensuring MCCF staff identifies all opportunities to bill insurance carriers and clinicians adequately document care provided. During the first 8 months of FY 2005, the medical center billed \$4.04 million and collected \$713,895 (12.8 percent of its FY 2005 collection goal of \$5.60 million). We identified two areas that needed improvement.

Fee-Basis. From October 2004 through December 2004, the medical center paid 1,662 fee-basis claims totaling \$131,081 to non-VA clinicians for the care of veterans with health insurance. To determine if the medical center identified and billed the veterans' insurance carriers for this care, we reviewed a statistical sample of 13 fee-basis claims valued at \$47,455. MCCF staff promptly billed 2 of the 13 claims. Six of the remaining 11 claims were not billable to the insurance carriers because the fee-basis care was for service-connected conditions or was not billable under the terms of the insurance plans. MCCF staff did not bill insurers for the remaining five claims valued at \$26,017 because of an oversight and misunderstandings about the costs and services covered by Medicare and a health maintenance organization. During our review, MCCF staff prepared bills for these five claims.

Reasons Not Billable. The MCCF "Reasons Not Billable Report" covering the 3-month period October 2004 through December 2004 listed 26 encounters totaling \$7,121. For 12 of the 26 encounters valued at \$4,683, MCCF staff had either billed or determined the encounters were not billable. Of the remaining 14 encounters, 13 valued at \$2,438 had not been billed due to insufficient or missing clinical documentation and 1 had not been billed due to an oversight. MCCF staff could not bill for these 14 encounters because the insurance filing deadlines had already expired when they were identified during the CAP review.

Improved billing processes for fee-basis care and better clinical documentation would enhance revenue collection. We estimated that additional billings totaling \$28,455 (\$26,017 + \$2,438) could have been issued. Based on the medical center's FY 2005 collection rate of 19.42 percent, MCCF staff could have increased collections by \$5,526.

Recommended Improvement Action 4. We recommend that the VISN Director ensure that the Medical Center Director requires (a) MCCF staff identify and bill all

potentially billable claims and (b) clinicians adequately document care that has been provided.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that a monthly monitor has been put in place to ensure all potentially billable claims are billed. New review processes are in place and training will be held to ensure that clinical documentation adequately documents the care provided to facilitate billing. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Controlled Substances Accountability – Accountability and Inventory Controls Needed Improvement

Conditions Needing Improvement. The Pharmacy Service Manager needed to improve controlled substances accountability and pharmaceutical inventory controls. Required 72-hour controlled substances inventories were performed; controls over drugs maintained in the pharmacy vault were effective; controlled substances inspectors were trained; and monthly inspections of controlled substances included excess, outdated, and unusable substances awaiting destruction. However, we identified two areas that needed improvement.

Controlled Substances Accountability Controls. VHA policy, in accordance with Drug Enforcement Administration Regulations, requires Pharmacy Service to develop written procedures for the purchase and receipt of controlled substances and to designate Pharmacy Service staff who will be responsible for the ordering, receipt, posting, and verification of controlled substances orders. At the time of the CAP review, the Pharmacy Service Manager had not established the required written procedures and had not designated specific Pharmacy Service staff to be responsible for the purchase and receipt of controlled substances. The Pharmacy Service Manager stated that he was unaware of these requirements.

Pharmaceutical Inventory Controls. VHA policy requires Pharmacy Service staff to conduct an annual wall-to-wall inventory of all pharmaceuticals. The inventory is intended to ensure the accuracy of inventory records and to prevent and detect diversion. However, Pharmacy Service had not performed any required wall-to-wall inventories until May 2005, when the VISN 4 Pharmacy Benefits Management Manager notified them that the inventory had to be completed by May 31, 2005.

Recommended Improvement Actions 5. We recommend that the VISN Director ensure that the Medical Center Director requires that the Pharmacy Service Manager: (a) establishes written procedures for the purchase and receipt of controlled substances; (b) designates specific Pharmacy Service staff to order, receive, post, and verify the

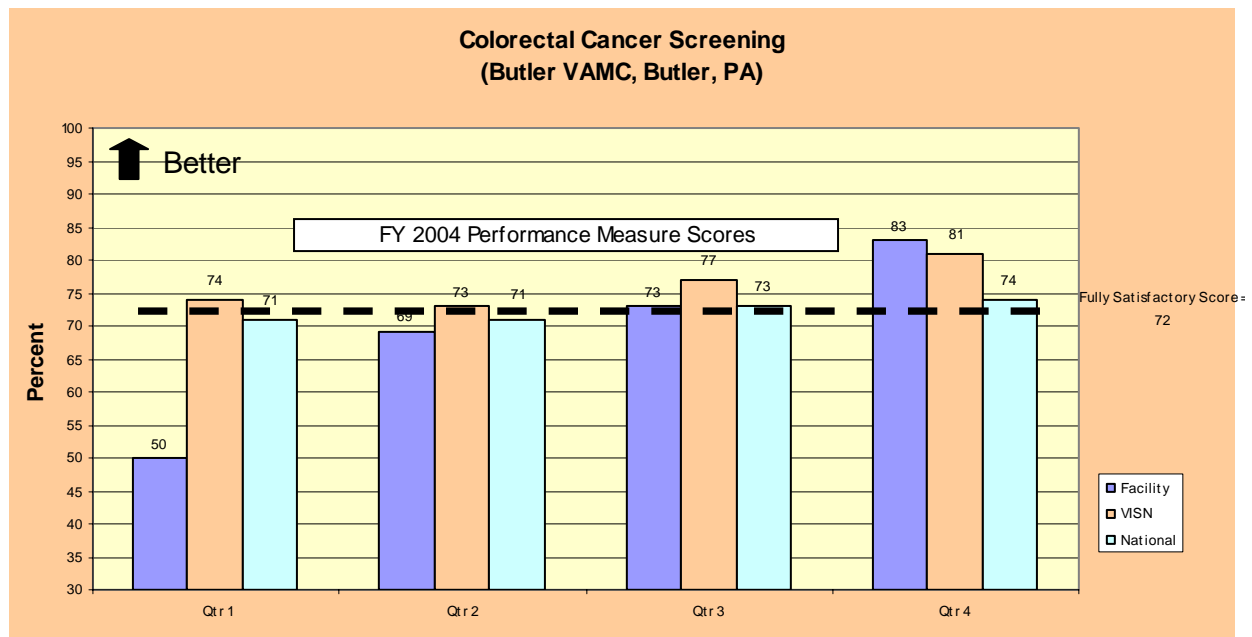
receipt of purchased controlled substances; and (c) conducts annual wall-to-wall inventories of all pharmaceuticals.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that local policies will be revised to address more specific procedures for the purchase and receipt of controlled substances and the annual wall-to-wall inventory of all pharmaceuticals. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Other Observations

Colorectal Cancer Management

We surveyed routine CRC screening only, since no other procedures involving colorectal evaluation were done at this facility. Ten patients who were diagnosed with colorectal cancer during FY 2004 were randomly sampled; all 10 patients had appropriate colorectal screening documented prior to their diagnosis.



As the above graph shows, the medical center fell below the fully satisfactory score of 72% in the first 2 quarters of FY 2004. Actions were taken to address the problem, and the medical center met the overall VHA standard (72% or better) for colorectal cancer screening for the last 2 quarters of FY 2004.

All Employee Survey Focused Inspection

The *Executive Career Field (ECF) Performance Plan* for FY 2005 directs the VISN to ensure that results from the 2004 All Employee Survey (AES) are widely disseminated throughout the network by, at a minimum, conducting a town hall meeting open to all employees at each facility during the rating period. VISNs were required to analyze the 2004 AES results and formulate plans to address action items for improvements by September 30, 2004. These plans must demonstrate milestones that include time lines and measures that assess achievement.

The medical center met all requirements of Performance Measure 22, *ECF Performance Plan* for FY 2005. The AES coordinator obtained results from the ProClarity website. The results were disseminated to the employees by newsletter and staff meetings. Action plans were developed on the facility and service line level. The VA National Center for Organizational Development conducted focus groups with the employees, assisted with identification of opportunities for improvement, and helped develop action plans on site. Actions taken to improve the work environment are documented in meeting minutes.

VISN Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: December 2, 2005
From: Director, Veterans Integrated Service Network 4 (10N4)
Subject: **VA Medical Center Butler, Pennsylvania**
To: Office of Inspector General

Attached are the Medical Center Director's responses and my comments to the draft OIG CAP report which summarizes the review performed at VAMC Butler, PA from July 11-15, 2005.

I agree with the comments submitted by the Medical Center Director.

Corrective action has begun on all of the recommendations, and progress will be monitored quarterly by my office with the Director.

If you have any questions, please contact me.

(original signed by:)

CHARLEEN R. SZABO, FACHE

VISN Director's Comments to Office of Inspector General's Report

The following VISN Director's comments are submitted in response to the recommendations in the Office of Inspector General Report:

OIG Recommendations

Recommended Improvement Actions 1. We recommend the VISN Director require the Medical Center Director to ensure that (a) patient care areas are kept safe; (b) monthly air flow testing for isolation rooms is completed and documented; (c) completion of respirator fit testing and training and accurate documentation; (d) Preventative Maintenance Inspection work orders are used to monitor the operation and/or effectiveness of the HEPA filtration systems and (e) performance of preventative maintenance inspections, contractor oversight, and work order system utilization, is done in accordance with medical center policy .

Target Completion Date: January 2006

Concur with Medical Center Director's responses. The action plans and progress for the recommendations (1a through 1e) will be monitored quarterly during performance evaluation meetings and periodic visits to the medical center.

Recommended Improvement Actions 2. We recommend that the VISN Director ensure that the Medical Center Director requires: (a) Ancillary Services staff monitor item usage rates, adjust GIP stock levels, and reduce excess medical supply inventory and (b) Transitional Care staff finish bar coding all prosthetic supply items and use PIP to monitor item usage rates and reduce excess prosthetic inventory.

Target Completion Date: April 2006

Concur with Medical Center Director's responses. The action plans and progress for recommendations 2a and 2b will be monitored quarterly during performance evaluation meetings and periodic visits to the medical center.

Recommended Improvement Actions 3. We recommend that the VISN Director ensure that the Medical Center Director requires that the A&MM Officer ensure: (a) overpayments for ambulance and wheelchair van transportation services are collected, (b) COTRs are properly certifying invoices and ensuring the medical center is paying the correct contract rates, (c) contracting officers do not award contracts which exceed their authorized warrant threshold, and (d) contracting officers receive their required 40 hours of continuing education every 2 years.

Target Completion Date: June 2006

Concur with the Medical Center Director's responses. The recommendations (3a through 3d) will be monitored quarterly during performance evaluation meetings and periodic visits to the medical center.

Recommended Improvement Actions 4. We recommend that the VISN Director ensure that the Medical Center Director requires (a) MCCF staff identify and bill all potentially billable claims and (b) clinicians adequately document care that has been provided.

Target Completion Date: June 2006

Concur with Medical Center Director's responses. The action plans and progress for recommendations 4a and 4b will be monitored quarterly during performance evaluation meetings and periodic visits to the medical center.

Recommended Improvement Actions 5. We recommend that the VISN Director ensure that the Medical Center Director requires that the Pharmacy Service Manager: (a) establishes written procedures for the purchase and receipt of controlled substances; (b) designates specific Pharmacy Service staff to order, receive, post, and verify the receipt of purchased controlled substances and (c) conducts annual wall-to-wall inventories of all pharmaceuticals.

Target Completion Date: January 2006

Concur with Medical Center Director's responses. The action plan and progress for recommendations 5a, 5b, and 5c will be monitored quarterly during performance evaluation meetings and periodic visits to the medical center.

Medical Center Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: November 30, 2005

From: Director, VA Medical Center, Butler, Pennsylvania

Subject: VA Medical Center Butler, Pennsylvania

To: Network Director, VA Stars & Stripes Healthcare Network (10N4)

Attached are responses to the draft OIG CAP report resulting from a survey conducted at the VAMC, Butler, PA, from July 11-15, 2005.

Of a total of sixteen (16) recommendations, there is concurrence with all of the recommendations. Corrective action has been initiated for all sixteen (16) recommendations.

If you have any questions, please contact me.

David Wood
DAVID WOOD

Medical Center Director's Comments to Office of Inspector General's Report

The following Director's comments are submitted in response to the recommendations in the Office of Inspector General Report:

OIG Recommendations

Recommended Improvement Actions 1. We recommend the VISN Director require the Medical Center Director to ensure that (a) patient care areas are kept safe; (b) monthly air flow testing for isolation rooms is completed and documented; (c) completion of respirator fit testing and training and accurate documentation; (d) Preventative Maintenance Inspection work orders are used to monitor the operation and/or effectiveness of the HEPA filtration systems, and (e) performance of preventative maintenance inspections, contractor oversight, and work order system utilization, is done in accordance with medical center policy.

Target Completion Date: October 2006

Concur with all recommendations 1a through 1e.

It was noted during the exit interview that the medical center does not have a policy on environmental rounds in place; however, environmental rounds have been conducted on a weekly basis for years.

Recommendation 1a: A draft policy on environmental rounds was developed prior to the CAP survey. It has been issued in final form (attached). Moreover, a revised approach to environmental rounds that emphasizes information capture and follow-up tracking was developed and implemented in July 2005. The rounds continue to address cleanliness and safety. Data indicates that volume of cleanliness and safety issues identified is decreasing. The housekeeping supervisor also utilizes a quality control checklist to verify the cleanliness of work areas.

Recommendation 1b: Locations of isolation rooms have been identified along with filter requirements for each room. Filters will be tested monthly and changed quarterly. A draft policy had been developed on HEPA air filtration systems. The policy contains a log for documenting air flow testing in isolation rooms. Target implementation date is January 31, 2006.

Recommendation 1c:

- Respiratory Fit Testing continues. Target completion date for Respiratory Fit Testing is December 31, 2005. Training to date is as follows:
 - Employees requiring fit testing 150
 - Employees who completed fit testing 102
 - Employees in process of completing fit testing 46
- New safety manager was on site September 12, 2005.
- Porta Count Test set was purchased October 2005.
- Draft policy prepared on respiratory protection. Target implementation date is January 31, 2006.

Recommendation 1d:

- A contractor was hired to change HEPA filters in August 2005.
- A draft policy on HEPA air filtration systems was developed. The policy addresses the use of work order process to monitor the operation and effectiveness of HEPA filtration systems. Target implementation date is January 31, 2006.
- Staff will be trained on HEPA filter change procedures by outside contractor prior to January 31, 2006.

Recommendation 1e:

- The current policy on Medical Equipment Repair (MCM 10-18) was revised and will be implemented by December 31, 2005.
- A daily checklist on contractor oversight has been developed and will be implemented by December 15, 2005. The Project Design and Review Policy (MCM 10-36) is being revised to describe the use of the checklist as a method of contractor oversight. Target date for the MCM publication is December 31, 2005.
- The current policy on Electronic Work Order Requests is being revised and will be published by January 31, 2006. Education will be provided to staff on proper completion of work orders. Target date for completion is January 31, 2006.

Recommended Improvement Actions 2. We recommend that the VISN Director ensure that the Medical Center Director requires: (a) Ancillary Services staff monitor item usage rates, adjust GIP stock levels, and reduce excess medical supply inventory and (b) Transitional Care staff finish bar coding all prosthetic supply items and use PIP to monitor item usage rates and reduce excess prosthetic inventory.

Target Completion Date: April 2006

Concur with recommendations 2a and 2b.

Recommendation 2a:

The Supervisor of the Inventory Management Section, Supervisor of SPD, and the Clinical Support Inventory Manager are working with GIP data and the users to arrive at realistic stock levels and to reduce or eliminate items that are used infrequently. In FY 05, improvements have been noted in the three (3) areas being monitored by VA (SPD, Radiology, and Laboratory). The following progress has been made:

- SPD – Long supplies have been reduced from 46% in April 2005 to 34% in September 2005. Inactive items have been reduced from 17% in December 2004 to 6% in September 2005.

- Radiology – Long supplies have been reduced from 68% in April 2005 to 15% in September 2005. Inactive items have been decreased from 21% in May 2005 to 4% in September 2005.
- Laboratory – Long supplies have been reduced from 57% in April 2005 to 25% in September 2005. Inactive items have been reduced from 17% in April 2005 to 9% in September 2005.

With the processes implemented, it is anticipated that the medical center will meet the VA established goals by April 2006.

Recommendation 2b:

The following actions have been implemented by the Prosthetics Section and will be completed by January 2006:

- Bar coding of all prosthetics inventory – completed.
- Perform manual recount of all prosthetics inventory and reconcile balances as needed – ongoing.
- Review current prosthetics inventory for excess and complete turn-ins as indicated to reduce inventory to 30-day level – ongoing.
- Review current prosthetics inventory for items not needed for immediate delivery and adjust accordingly – ongoing.
- Implement consignment agreements with vendors to provide stock items at no charge to the facility – implemented and ongoing.

Recommended Improvement Actions 3. We recommend that the VISN Director ensure that the Medical Center Director requires that the A&MM Officer ensure: (a) overpayments for ambulance and wheelchair van transportation services are collected, (b) COTRs are properly certifying invoices and ensuring the medical center is paying the correct contract rates, (c) contracting officers do not award contracts which exceed their authorized warrant threshold, and (d) contracting officers receive their required 40 hours of continuing education every 2 years.

Target Completion Date: June 2006

Concur with recommendations 3a through 3 d.

Recommendation 3a:

A bill for unintended overpayment in the amount of \$11,947.71 was mailed to Butler Ambulance Service Company on November 15, 2005, for the period December 2004 through May 2005. The COTR will check if the appropriate payment was made for June and July 2005 (until OIG noted the deficiency) by December 2005. Correct charges have been paid following the OIG visit.

Recommendation 3b:

Contracting Section will schedule a reorientation session with all COTR's that highlight the responsibilities of their delegation and critical areas of their oversight such as the review and verification of invoices/payments. The sessions will be completed by January 2006.

Recommendation 3c:

A high level contracting officer will sign the contract in instances where the warrant level of the assigned contract specialist does not provide enough coverage for the collective award of base inclusive of option years. This has been done correctly on other contracts but was missed on this one due to unique circumstances, including a pre-award protest.

It is understood that this applies to the signatory awarding of the overall contract and not just commitment of the base year or a specific option. This is an item on the Review Checklist (which is used with all contracts), is understood by the staff and will be strictly followed.

Recommendation 3d:

The two (2) subject contracting officers are presently scheduled to attend Government Contract Law, provided through the VACO Office of Acquisition and Materiel Management, which will provide each with 80 hours of formal required training. The first class is in March 2006 for one contracting officer, and the second class is in June 2006 for the other contracting officer. This is the earliest either could be scheduled into a required class offered through the OAMM CAMEO system.

Recommended Improvement Actions 4. We recommend that the VISN Director ensure that the Medical Center Director requires (a) MCCF staff identify and bill all potentially billable claims and (b) clinicians adequately document care that has been provided.

Target Completion Date: June 2006

Concur with recommendations 4a and 4b.

Recommendation 4a:

A monthly monitor was put in place to ensure all billable episodes of fee-basis care are billed. This monitor includes veteran's name, social security number, fee service start and end date, amount paid, date paid, batch number, date received, SC/NSC care, category C; if category C yes, were co-pays billed? List bill #'s, insurance carriers, insurance bill numbers, date billed, amount billed; if not billed, why?

Cases identified as billable which were originally not billed will be billed within two days of audit completion. Audit findings will be reported quarterly to the compliance committee. Recommendation has been fully implemented and is being monitored.

Recommendation 4b:

The Revenue Coordinator runs a monthly reasons not billable report and downloads it to Excel. The report is sorted by reason not billable and then by provider within each category. In the past, this report was reviewed with the Medical Records Administrator (MRA) for reporting at the Medical Records Committee. The MRA also used this report to identify training needs. (The MRA position was vacant July 11, 2005 through October 30, 2005.) The Revenue Coordinator will meet with the new MRA to review billing and documentation issues and identify training needs.

It was determined at November's Compliance Committee meeting that the Revenue Coordinator will report this information at the monthly meeting. The appropriate clinical areas will then take corrective action on any trends identified and report back to the Compliance Committee on a regular basis.

A discrepancy was also identified in the way the "reason not billable" was used by the billing clerk. A meeting was held to establish consistent reasons not billable. This will make the report more useful and accurate.

Additionally, all VA staff providers and fee basis (contract) providers will be required to complete a 90-minute Centers for Medicare and Medicaid Services (CMS) documentation session.

Lastly, trend analysis of missing clinical documentation has shown that one provider is responsible for a majority of the missing information. Different avenues have been tried by the Chief of Staff's office to help the provider improve. However, the provider has not taken advantage of these, and missing clinical documentation remains a problem with the provider. Disciplinary action against the provider will be taken.

Recommended Improvement Actions 5. We recommend that the VISN Director ensure that the Medical Center Director requires that the Pharmacy Service Manager: (a) establishes written procedures for the purchase and receipt of controlled substances; (b) designates specific Pharmacy Service staff to order, receive, post, and verify the receipt of purchased controlled substances and (c) conducts annual wall-to-wall inventories of all pharmaceuticals.

Target Completion Date: January 2006

Concur with recommendations 5a, 5b, and 5c.

Recommendation 5a: Medical Center Memorandum 70-76, Medication Requests, dated December 2004, does address processes purchase and receipt of controlled substances; however, the policy will be modified to address more specific processes. These modifications will include processes for ordering medications, setting par levels, completing DEA forms, receiving of drugs, posting to inventory, stocking vault and procedures completed by accountable officer, etc.

Recommendation 5b: In compliance with the VHA Handbook 1108.1, 7127 and 21 CFR 1305, Medical Center Memorandum 70-76, Medication Requests, Attachment B, will be revised to include the requirement for a designation letter to be issued to specific pharmacists and pharmacy technicians identified by the pharmacy manager to order, receive, post, and verify the receipt of purchased controlled substances.

Only those designated technicians and pharmacists will order medication, including controlled substances. The designation letter will also include the class of controlled substances that each designated employee is authorized to order. These designations will be reviewed annually and competencies for ordering medication, including controlled substances, will be evaluated annually. The original copy of this designation memo will be filed in the pharmacy office and a copy of this designation will be retained in the employee's human resources file.

Recommendation 5c: The first annual wall-to-wall inventory of all pharmaceuticals was conducted in May 2005. The next

inventory will be performed in May 2006. The policy on Medication Requests will be revised by January 2006 to include the following under III. Procedures:

- All medications stocked in the pharmacy for routine use are on the National Formulary. A complete inventory of pharmacy stocked medication will be conducted in May of each year in accordance with the VHA guidelines.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
2	Better use of funds by reducing excess medical and prosthetic supply inventories.	\$29,872
3	Better use of funds by monitoring contractor's charges.	\$11,948
4	Better use of funds by improved MCCF billing procedures.	<u>\$5,525</u>
	Total	\$47,345

OIG Contact and Staff Acknowledgments

OIG Contact	Randall Snow, JD, Associate Director, Office of Healthcare Inspections, Washington, DC – 202 565-8451
-------------	-------------------------------------------------------------------------------------------------------

Acknowledgments	Donna Giroux Gail Bozzelli Carol Torczon Nelson Miranda Janet Mah Gregory Gladhill Julio Arias Tamara Jacobson Andrew Hamilton Jeff Weiters Tae Kim
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Assistant Secretaries
General Counsel
Director, Veterans Integrated Service Network 4 (10N4)
Director, VA Medical Center, Butler, Pennsylvania

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs
House Committee on Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction and Veterans Affairs
Senate Committee on Government Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Arlen Specter, Rick Santorum
U.S. House of Representatives: Curt Weldon

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.